

AGENCY: Department of Administration, Facilities Management and Property Services

SUBJECT: College of Charleston Lease at 360 Concord Street, Charleston

The College of Charleston requests approval to lease 52,894 rentable square feet of office, classroom and shop space at 360 Concord Street, Charleston, SC from R.E.R. Investments, Limited Company for their Department of Computer Science and for swing space for their School of the Arts as it will be relocated from the Simons Center which will undergo a multi-year renovation beginning in the Summer of 2021. The College of Charleston's current lease at this location expires on December 31, 2020.

After contacting state agencies to verify no adequate state space was available, the Department of Administration solicited for commercial space. Three proposals were received. One of the proposals was determined to be unresponsive as no rental rate was proposed and it was proposed new construction with a projected completion date of August 2022. Of the remaining two proposals, the selected location is the least expensive option.

The lease term will be five (5) years commencing on January 1, 2021. The rental rate for the first year of the term will be \$34.00 per square foot (\$22.87/SF which is allocated to rent and \$11.13/SF which is allocated to the tenant's share of building operating expenses). This rate, which is slightly less than their current rate at \$34.03 per square foot, is an annual aggregate in the first year in the amount of \$1,798,396.00. Thereafter, the rent is subject to annual increases based upon the lessor of the increase in the U.S. Consumer Price Index for all Urban Consumers (CPI-U) or 3%. As such, the maximum total rent over the five (5)-year lease term is \$9,547,929.00 as more specifically set forth in the chart below.

Term	Base Rent/sq.ft.	Annual Rent	Monthly Rent
Year 1	\$ 34.00	\$ 1,798,396	\$ 149,866
Year 2	\$ 35.02	\$ 1,852,348	\$ 154,362
Year 3	\$ 36.07	\$ 1,907,918	\$ 158,993
Year 4	\$ 37.15	\$ 1,965,156	\$ 163,763
Year 5	\$ 38.27	\$2,024,111	\$ 168,676

Additionally, at the conclusion of the second year of the Term, tenant shall pay the increase, if any, of building operating expenses over the prior year's allocation of the tenant's share of building operating expenses, with a cap of 3%. The lease includes two (2) vehicle parking spaces, 100 bicycle parking spaces, and full access and use of the dock space for educational purposes.

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The following chart represents comparable lease rates of similar space in the Charleston area:

Tenant	Location	Rate /SF
Clemson University	701 East Bay Street	\$38.29
Medical University of South Carolina	22 West Edge	\$36.00
Vacant	Meeting St. Rd. at Algonquin Rd.	\$38.00

The College of Charleston has adequate funds for the lease according to the Budget Approval Form submitted October 9, 2020. Lease payments will be funded through college fees. The College has indicated that no fee increase will be associated with this lease. The lease meets the state standards with a density of approximately 176 usable square feet per employee. No option to purchase the property is included in the lease. The lease was approved by the College of Charleston Board of Trustees on September 29, 2020, by the Commission on Higher Education on November 5, 2020, and by JBRC on December 10, 2020.

AUTHORITY ACTION REQUESTED:

As recommended by the Department of Administration, Facilities Management Property Services, approve the College of Charleston's request for approval to lease 52,894 rentable square feet of office, classroom and shop space at 360 Concord Street, Charleston, S. C.

ATTACHMENTS:

Agenda item worksheet; Letter from the College of Charleston dated October 6, 2020; SC Code of Laws Sections 1-11-55 and 1-11-56

STATE FISCAL ACCOUNTABILITY AUTHORITY AGENDA ITEM WORKSHEET

Meeting Scheduled for: December 17, 2020

Regular Agenda

1. Submitted by:

- (a) Agency: Department of Administration
- (b) Authorized Official Signature:


Ashlie Lancaster, Director

2. Subject: College of Charleston lease at 360 Concord St., Charleston, SC

3. Summary and Background Information:

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4. What is the Authority asked to do? Approve the proposed five-year lease.

5. What is recommendation of the division of Facilities Management and Property Services? Approval of the proposed five-year lease.

6. Private Participant Disclosure – Check one:

- ☐ No private participants will be known at the time the Authority considers this agenda item.
- ☒ A Private Participant Disclosure form has been attached for each private participant.
- As referenced on the Disclosure forms, a private participant is a natural person or non-governmental legal entity which may directly benefit from, and is participating in or directly associated with, the requested approval.
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7. Recommendation of other office (as required)?

- (a) Authorized Signature: _____
- (b) Office Name: Click or tap here to enter text.
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8. List of Supporting Documents:

- (a) Letter from the College of Charleston dated October 6, 2020.
- (b) SC Code of Laws Sections 1-11-55 and 1-11-56

October 6, 2020

Ms. Ashlie Lancaster
Division Director, Facilities Management and Real Estate
1200 Senate Street, 6th Flr
Columbia, SC 29201

RE: Classroom and Office Space

Dear Ms. Lancaster:

The College of Charleston currently leases space at 360 Concord Street in Charleston to house its Department of Computer Science and to serve as swing space for academic building renovations. The current seven-year lease expires on December 31, 2020.

Through the lease solicitation process, the College received two proposals for these space needs. The most satisfactory response was 360 Concord Street. Therefore, the College is requesting approval for a five-year lease at this location.

The College will lease approximately 52,894SF in two buildings located at this address in order to meet current and future space needs. The Department of Computer Science has called one of the buildings home for the past seven years. Specifically of note, the College will begin the Simons Center renovation in Summer 2021. This space, which is in walking distance from the main campus, will additionally serve the School of Arts during this multi-year renovation.

We respectfully request your assistance in obtaining JBRC and SFAA approval of this lease.

Sincerely,



John F. Loonan
Executive Vice President for Business Affairs